



General Assembly

January Session, 2007

Raised Bill No. 7060

LCO No. 3883

03883_____INS

Referred to Committee on Insurance and Real Estate

Introduced by:
(INS)

***AN ACT EXPANDING AFFORDABLE HEALTH CARE
OPPORTUNITIES FOR SMALL BUSINESSES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-202a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2007, and*
3 *applicable to income years commencing on or after January 1, 2007*):

4 (a) Each health care center, as defined in section 38a-175, that is
5 governed by sections 38a-175 to 38a-192, inclusive, shall pay a tax to
6 the Commissioner of Revenue Services for the calendar year
7 commencing on January 1, 1995, and annually thereafter, at the rate of
8 one and three-quarters per cent of the total net direct subscriber
9 charges received by such health care center during each such calendar
10 year on any new or renewal contract or policy approved by the
11 Insurance Commissioner under section 38a-183. Such payment shall be
12 in addition to any other payment required under section 38a-48.

13 (b) Notwithstanding the provisions of subsection (a) of this section,
14 the tax shall not apply to:

15 (1) Any new or renewal contract or policy entered into with the state
16 on or after July 1, 1997, to provide health care coverage to state
17 employees, retirees and their dependents;

18 (2) Any subscriber charges received from the federal government to
19 provide coverage for Medicare patients;

20 (3) Any subscriber charges received under a contract or policy
21 entered into with the state to provide health care coverage to Medicaid
22 recipients under the Medicaid managed care program established
23 pursuant to section 17b-28, which charges are attributable to a period
24 on or after January 1, 1998;

25 (4) Any new or renewal contract or policy entered into with the state
26 on or after April 1, 1998, to provide health care coverage to eligible
27 beneficiaries under the HUSKY Medicaid Plan Part A, HUSKY Part B,
28 or the HUSKY Plus programs, each as defined in section 17b-290;

29 (5) Any new or renewal contract or policy entered into with the state
30 on or after April 1, 1998, to provide health care coverage to recipients
31 of state-administered general assistance pursuant to section 17b-192;

32 (6) Any new or renewal contract or policy entered into with the state
33 on or after February 1, 2000, to provide health care coverage to retired
34 teachers, spouses or surviving spouses covered by plans offered by the
35 state teachers' retirement system;

36 (7) Any new or renewal contract or policy entered into on or after
37 July 1, 2001, to provide health care coverage to employees of a
38 municipality and their dependents under a plan procured pursuant to
39 section 5-259;

40 (8) Any new or renewal contract or policy entered into on or after
41 July 1, 2001, to provide health care coverage to employees of nonprofit
42 organizations and their dependents under a plan procured pursuant to
43 section 5-259;

44 (9) Any new or renewal contract or policy entered into on or after
45 July 1, 2003, to provide health care coverage to individuals eligible for
46 a health coverage tax credit and their dependents under a plan
47 procured pursuant to section 5-259;

48 (10) Any new or renewal contract or policy entered into on or after
49 July 1, 2005, to provide health care coverage to employees of
50 community action agencies and their dependents under a plan
51 procured pursuant to section 5-259; [or]

52 (11) Any new or renewal contract or policy entered into on or after
53 July 1, 2005, to provide health care coverage to retired members and
54 their dependents under a plan procured pursuant to section 5-259; or

55 (12) Any new or renewal contract or policy entered into on or after
56 July 1, 2007, to provide health care coverage to small employers under
57 a plan procured pursuant to section 38a-567, as amended by this act.

58 (c) The provisions of this chapter pertaining to the filing of returns,
59 declarations, installment payments, assessments and collection of
60 taxes, penalties, administrative hearings and appeals imposed on
61 domestic insurance companies shall apply with respect to the charge
62 imposed under this section.

63 Sec. 2. Subdivision (22) of section 38a-567 of the general statutes is
64 repealed and the following is substituted in lieu thereof (*Effective from*
65 *passage*):

66 (22) With respect to plans or arrangements issued pursuant to
67 subsection (i) of section 5-259, or by an association group plan, at the
68 option of the Comptroller or the administrator of the association group
69 plan, the premium rates charged or offered to small employers
70 purchasing health insurance shall not be subject to this section,
71 provided (A) the plan or plans offered or issued cover such small
72 employers as a single entity [and cover not less than ten thousand
73 eligible individuals on the date issued] regardless of the date on which

74 such small employers became a participant in the plan or plans, (B)
75 each small employer is charged or offered the same effective premium
76 rate with respect to each eligible individual and dependent, and (C)
77 the plan or plans are written on a guaranteed issue basis. For purposes
78 of this subdivision, the term "effective premium rate" means that the
79 premium rate charged may be adjusted based upon the date the small
80 employer becomes a participant in the plan or plans.

81 Sec. 3. Subsection (b) of section 38a-569 of the general statutes is
82 repealed and the following is substituted in lieu thereof (*Effective from*
83 *passage*):

84 (b) Any member may reinsure with the pool coverage of an eligible
85 employee of a small employer, or any dependent of such an employee,
86 [except that no member may reinsure with the pool coverage of an
87 eligible employee of a small employer, or any dependent of such an
88 employee, whose premium rates are not subject to section 38a-567
89 pursuant to subdivision (22) of section 38a-567.] Any reinsurance
90 placed with the pool from the date of the establishment of the pool
91 regarding the coverage of an eligible employee of a small employer, or
92 any dependent of such an employee shall be provided as follows:

93 (1) (A) With respect to a special health care plan or a small employer
94 health care plan, the pool shall reinsure the level of coverage provided;
95 (B) with respect to other plans, the pool shall reinsure the level of
96 coverage provided up to, but not exceeding, the level of coverage
97 provided in a small employer health care plan or the actuarial
98 equivalent thereof as defined and authorized by the board; and (C) in
99 either case, no reinsurance may be provided in any calendar year for a
100 reinsured employee or dependent until five thousand dollars in benefit
101 payments have been made for services provided during that calendar
102 year for that reinsured employee or dependent, which payments
103 would have been reimbursed through said reinsurance in the absence
104 of the annual five-thousand-dollar deductible. The amount of the
105 deductible shall be periodically reviewed by the board and may be

106 adjusted for appropriate factors as determined by the board;

107 (2) With respect to eligible employees, and their dependents,
108 coverage may be reinsured: (A) Within such period of time after the
109 commencement of their coverage under the plan as may be authorized
110 by the board, or (B) commencing January 1, 1992, on the first plan
111 anniversary after the employer's coverage has been in effect with the
112 small employer carrier for a period of three years, and every third plan
113 anniversary thereafter, provided, commencing May 1, 1994,
114 reinsurance pursuant to this subparagraph shall only be permitted
115 with respect to eligible employees and their dependents of a small
116 employer which has no more than two eligible employees as of the
117 applicable anniversary;

118 (3) Reinsurance coverage may be terminated for each reinsured
119 employee or dependent on any plan anniversary;

120 (4) Reinsurance of newborn dependents shall be allowed only if the
121 mother of any such dependent is reinsured as of the date of birth of
122 such child, and all newborn dependents of reinsured persons shall be
123 automatically reinsured as of their date of birth; and

124 (5) Notwithstanding the provisions of subparagraph (A) of
125 subdivision (2) of this subsection: (A) Coverage for eligible employees
126 and their dependents provided under a group policy covering two or
127 more small employers shall not be eligible for reinsurance when such
128 coverage is discontinued and replaced by a group policy of another
129 carrier covering two or more small employers, unless coverage for
130 such eligible employees or dependents was reinsured by the prior
131 carrier; and (B) at the time coverage is assumed for such group by a
132 succeeding carrier, such carrier shall notify the pool of its intention to
133 provide coverage for such group and shall identify the employees and
134 dependents whose coverage will continue to be reinsured. The time
135 limitations for providing such notice shall be established by the pool.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2007, and applicable to income years commencing on or after January 1, 2007</i>	12-202a
Sec. 2	<i>from passage</i>	38a-567(22)
Sec. 3	<i>from passage</i>	38a-569(b)

Statement of Purpose:

To exempt insurance contracts and policies entered into on or after July 1, 2007, to provide health insurance coverage to small employers under a plan procured under section 38a-567 of the general statutes from the tax on net direct subscriber charges received by health care centers; to eliminate the threshold of ten thousand individuals for group plan purchasing health insurance; to define the term "effective premium rate" for the purposes of subdivision (22) of section 38a-567 of the general statutes; and to provide group purchased small business insurance access to the Connecticut Small Employer Health Reinsurance Pool.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]